

OCT 21 1991

Reply to  
Attn. of:

CACFP-260

Subject:

Policy Clarification on Expansion Funds for Low-Income or Rural Areas in the  
Child and Adult Care Food Program (CACFP)

To:

STATE AGENCY DIRECTORS  
(Special Nutrition Programs)

- Colorado DH, Iowa, Kansas, Missouri DH,  
Montana DHES, Nebraska ED, North Dakota,  
South Dakota, Utah and Wyoming ED

Questions have arisen relative to the implementation of the expansion funds provision. Since this is a new issue that everyone is dealing with, we plan to share new policy clarifications that individual States raise with all State Agencies (SA), as necessary. Addressed below are some concerns recently raised.

1. The expansion funds cannot be used to assist family and group day care homes in obtaining a license.
2. The \$63 Administrative Reimbursement Rate cited on page 3 of CACFP Memorandum Number 257 is the rate to be used for calculating low-income or rural expansion funds. It does not matter where a sponsoring organization currently falls in the reimbursement scale for calculating administrative dollars for ongoing operations. The amount for the low-income expansion areas is set at \$63 regardless of the size of the sponsoring organization. This decision was made for administrative ease.
3. The National Office is currently in the process of developing a Regional Office Administered Program (ROAP) application form and agreement to be used in approving sponsors requesting expansion funds. The forthcoming forms will be prototype forms which we will share with you as soon as they are received. However, states do not have to wait for these forms. You can develop or adapt your own forms now if you choose.
4. Sponsors with less than 50 homes that have never used start-up funds should first expand Program operations under the existing start-up provisions included in Part 226.12(b) of the Regulations. After a full year of operation has transpired, the sponsor could later apply for expansion funds.
5. We are requesting the SAs to contact our Financial Management (FM) Section prior to any drawing down or reporting of expansion funds. Assistance will be provided to each State on an individual basis from our FM staff. Please contact them at (303) 844-0316.

6. There are no limitations on the amount of expansion funds available to a State or a time frame for utilizing these funds.

7. A sponsor can apply for expansion funds of 50 homes in either a rural area, a low-income area or a combination of both as long as the 50-home limit is not exceeded per sponsor.

If you have any questions regarding the above, please contact my staff at (303) 844-0359.

Sincerely,

*Ann C. Hector*

ANN C. HECTOR  
Regional Director  
Special Nutrition Programs